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C O N F I D E N T I A L SECTION 01 OF 02 BEIRUT 003219

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SUBJECT: LEBANON: PM SINIORA PLEDGES ACTION ON BEIRUT 1
CONFERENCE, RECONSTRUCTION, AND TRIBUNAL

Classified By: Jeffrey D. Feltman, Ambassador. Reason: 1.4 (d)

SUMMARY

1. (C) Prime Minister Siniora insists that preparations for the Beirut 1 conference, penciled in for November 30, are well underway. He is slowly grasping the need to publicize progress on reconstruction but prefers to focus on high-profile projects. He will use such publicity to counter March 8 attacks on his government, while pursuing a methodical effort to pass a statute establishing a tribunal in the assassination of former PM Hariri. He and his advisors pledged to look into whether UNTSO might be able to play a role in surveillance of all of Lebanon's borders. End Summary.

2. (SBU) Prime Minister Fouad Siniora received the Ambassador, S/CRS Coordinator and Polchief at the Grand Serail on October 4. Siniora's close advisors Mohammad Chatah and Rola Nouredine attended the meeting, and the group consulted with Siniora's Finance and Justice Ministers by conference call.

BEIRUT 1 CONFERENCE PREPARATIONS

3. (C) The Ambassador asked the PM for a progress report on preparations for the planned Beirut I donors conference. The PM confirmed that November 30, or thereabouts, was the target date. (Note: The Ambassador has repeatedly raised with Siniora the need for better coordination of recovery and reconstruction activities and the critical need for a focused, intense public relations effort to inform the Lebanese public of what the GOL is doing on their behalf. End Note.) Chatah answered that the Minister of Finance is working on the package for the conference, which should be complete by the end of October. The Prime Minister emphasized the conference will focus on reconstruction and reform, and putting the economy as a whole on a growth track. It will look at financing measures to revive sectors damaged by the conflict; private sector financing will be one focus, but debt relief will be the bulk of the assistance that will be required, Chatah added. The IMF team currently in Beirut is developing a baseline scenario, to assess how to put the economy and debt burden on a sustainable level. Chatah advised that the total impact of the conflict is very large,

both fiscal and financial.

¶4. (C) The Ambassador agreed that it is important to make the international conference a success. He stressed the GOL must make it possible for donors to begin their own preparations for the conference right away, noting that preparations for the Paris II conference had months, not just weeks. PM advised that the GOL team for Beirut 1 would be Minister Finance Jihad Azour; Minister of Economy Sami Haddad, Central Bank Governor Riad Salameh, Head of the Council for Development and Reconstruction Nabil Jisr, Chatah, and himself. Finance Minister Azour would be the central player.

The PM noted that, once the package was ready, the GOL would do a series of bilateral "road shows" to sell it to donors in the region before the conference. He noted the proposals had been well-received by the Core Group in last month's Singapore IFI meetings. The Ambassador responded that the donors are looking for more specifics as soon as possible.

¶5. (C) The Ambassador reiterated that the GOL needs to do a much better job of getting the word out about its progress on reconstruction. Siniora did not dispute the point; the GOL has accomplished much, he said, and few people realize it. The Ambassador suggested that reconstruction coordinator Ghassan Taher-Fadlallah could hold daily press conferences. Siniora said he was focused on getting high profile projects started, including the Mdeirej bridge project being undertaken by the USG and Italy.

SECURITY COORDINATION

¶6. (C) The Ambassador asked the PM about a news story that the EU would begin a formalized security cooperation

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arrangement with Lebanon, and the PM said that there was no basis for the story. He told us that he received a call from EU foreign policy chief Javier Solana, who said he would issue a clarification to the press. Siniora said that European defense ministers had agreed to provide assistance that Lebanon requires, but had not agreed on a formalized arrangement.

HARIRI TRIBUNAL

¶7. (C) When asked by the Ambassador, Siniora said that the draft statute establishing a tribunal in the assassination of former PM Hariri would be seen by the Council of Ministers either once or twice, depending on action on the statute by the UNSC. If UNSC members give their approval to a final draft soon, the cabinet will only need to approve the draft once. But if the New York consultations are not concluded quickly, then the cabinet can approve it once in principle and revisit it as needed. After conferring with Justice Minister Rizk by phone, he mentioned that Rizk might travel to New York for consultations with UN Legal Advisor Nicolas Michel on the draft.

NATIONAL UNITY GOVERNMENT AND MARCH 8 ACTION

¶8. (C) On March 14/March 8 tensions, Siniora said he would suggest to his opponents solving the problem of the Presidency before establishing a broader cabinet. He would also try to "reduce tensions" and return vigor, and publicity, to the GOL's reconstruction program. Economic recovery and a new political marketing campaign, which he has floated to Walid Jumblatt, could help March 14's fortunes. He did not comment substantively on the Ambassador's point that the PM and his March 14 supporters needs to come up with ways to deflect attention from the national unity government arguments, which are sounding increasingly reasonable to too many people.

19. (C) The Ambassador noted that the Embassy had an intriguing briefing recently from the UN Truce Supervisory Observer Mission, UNTSO, which maintains four observation in southern Lebanon. The UNTSO officials claimed that, unlike UNIFIL, UNTSO's area of operations includes all of Lebanon, as well as Syria and Israel. The Ambassador asked whether this authority, if indeed it exists, might allow UNTSO to play a role elsewhere in Lebanon. Siniora and his advisors said they would look into the possibility of a broader role for UNTSO to include monitoring the Syrian border. Siniora asked Nouredine to look through the documents relating to the 1949 Armistice Agreement. On land for UNIFIL, Siniora said that he had heard no complaints since the cabinet took up the issue and pledged to compensate landowners in the south.

FELTMAN